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UNCLAS SECTION 01 OF 03 GENEVA 000888

SIPDIS
SENSITIVE

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SUBJECT: ASYCUDA customs software: aid catalyst

SENSITIVE BUT UNCLASSIFIED

1. (SBU) SUMMARY: The UN Conference on Trade and Development (UNCTAD) is helping countries install the automated customs data software program (ASYCUDA), which the USG has supported in numerous countries, most recently Haiti, Jordan, and Sao Tome and Principe. Mission Officer participated in an UNCTAD evaluation of the ASYCUDA installation in Jordan in late May 2009. Mission officer also facilitated meetings with the Government of Iraq for possible installation of ASYCUDA in Iraq. By all accounts, the program has had a positive and catalyzing development impact, whatever else a country may say about good governance initiatives. END SUMMARY.

Background

2. (U) ASYCUDA was founded in the early 1980s to automate the operations of Customs Administrations, and is now the core component of integrated customs information systems in more than 80 countries. Since its introduction, ASYCUDA has pursued five objectives:

- a) Assist Customs Administrations to modernize and reform by facilitating legitimate trade, and improving the efficiency, transparency and accountability of customs clearance controls.
- b) Implement harmonized codes, international standards and transparent regulations, leading to increased collection of duties and taxes, and the availability of timely, accurate and comparable statistics.
- c) Fit the operations of all customs systems worldwide, and allow country specific tailoring and enhancements (provided those add-ons do not conflict with the second objective).
- d) Provide ASYCUDA for free, although installation requires funding of hardware, support activities and training through technical assistance.
- e) Match the highest quality standards of the industry and use the latest reliable technologies.

3. (U) To date, ASYCUDA has gone through four versions:

- a) ASYCUDA version 1 (1981-1984) implemented in three countries; it allowed the production of trade balances and other statistical data.

b) ASYCUDA version 2 (1985-1995) implemented in more than 40 countries; it allowed collection of increased customs revenue, production of statistics, and clear definition of the customs operations process.

c) ASYCUDA ++ (1992 - present) allowed processing of millions of customs declarations every year and implemented uniform procedures.

d) ASYCUDA World (2002 - present) expanded usage of ASYCUDA to 85 countries and made the software internet based and easily compatible with add-on programs tailored for users' specific needs.

ASYCUDA in Jordan -----

14. (U) The ASYCUDA installation in Jordan was supported by USAID, the Millennium Challenge Corporation and investments by the Jordan Customs Administration itself. Mission Officer saw the two data centers funded by USAID. There, each piece of computer hardware had a USAID donor label on it and the centers themselves had plaques commemorating the USAID donations. The training rooms were clean, well lit and spacious and similarly bore USAID donor labels.

15. (U) Mission Officer visited the renovated and expanded Customs facility at Amman Airport to see an example of improved infrastructure the GOJ was building to support the ASYCUDA system. The old Customs offices were decrepit, dark and dirty with old furniture and exposed wires. The renovated offices were bright, clean, and built for computer users, so had drop down ceilings, hidden wires and necessary air conditioning to keep the equipment

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running well and staff comfortable. The new offices demonstrated a commitment by the GOJ to create a work environment that was comfortable enough to attract and keep professional technical staff and customs officials.

16. (U) At Jaber, Mission officer visited a "single window" customer service installation. The single window allows shippers to present their import documents to a clerk who compares the hard documents with the electronic versions input to the ASYCUDA system at sources or origin. Clerks from offices responsible for Food and Drugs, Standards, and Agriculture reviewed health and safety issues. If an imported cargo needed inspection, the ASYCUDA system randomly assigned a customs officer to conduct the inspection; ASYCUDA tracked the amount of time taken by the inspection and its results. Digitizing documents, randomly assigning inspectors, tracking inspection results and limiting shippers face contact with customs officials dramatically reduced the potential for bribery.

17. (U) UNCTAD ASYCUDA staff made a presentation to the Jordan's Custom's Administration in which UNCTAD analyzed time release data from seven Jordan Customs locations, asked questions of customs staff to understand why the times were better and worse in various locations and brainstormed how to improve clearance times. For example, the time release study findings for Aquaba identified that there were too few inspectors in Aquaba, inspectors were unnecessarily checking shipments listed as green meaning that their declarations were all in order and came from known and reliable traders, and shippers were leaving their cargo at Aquaba Customs for too long a period after inspections were completed thereby cluttering the shipping areas. As a result of this analysis, UNCTAD and Jordan Customs agreed upon the following improved procedures: elimination of inspections of cargo designated at green, hiring of six more customs inspectors, and increasing Aquaba Container Terminal storage fees. The ASYCUDA team benchmarked Jordan's performance against comparable countries using World Bank statistics and together set targets for improvement.

18. (U) A senior Jordan Customs official proudly walked Mission officer and UNCTAD staff through the customs headquarters in Amman. He said that Customs Administrations from Syria, Yemen, United Arab Emirates, Palestine, Libya, Bangladesh, Zimbabwe and Iraq had all visited the Jordan Customs installation and purchased ASYCUDA or intended to do so.

¶9. (U) According to the official, Jordan's key issue for customs is not revenue collection but preventing terrorism and contraband. Jordan Customs established a control center where it monitors all crossing via video camera. For containers that are transiting Jordan, Jordan Customs X-rays the contents of the container, installs a lock and a GPS device so that Customs will be immediately alerted if the truck diverts from its approved route, takes too long to cross Jordan, or if anyone tampers with the container locking device. Once the truck has transited Jordan, the contents are again x-rayed, the initial and final x-rays compared and the locking device removed. This X-ray function and GPS tracking are add-ons to the ASYCUDA system. The new border crossing process has allowed Jordan to eliminate convoys, which had previously taken from three hours to one day to assemble. Instead the x-ray, locking device and GPS system takes seven minutes to install and remove on each end of the transit.

ASYCUDA for Iraq

¶10. (SBU) Iraq customs planned to visit the Jordan Customs Administration while the ASYCUDA team was in Amman in May 2009. US Mission and Embassy Baghdad helped ASYCUDA identify the correct Iraqi official, Mr. Nawfal Sulaiman Mohammed, Director General, General Customs Commission, Ministry of Finance, and arrange the visit, which ultimately did not occur due to changes in the Iraqi minister's plans. At an October 5 meeting with ASYCUDA in Geneva, UNCTAD said it is trying to reschedule a meeting with the Head of Iraqi Customs for November and reiterated its request for USG assistance in facilitating such a meeting. UNCTAD said that it has a letter from the GOI requesting assistance with Customs, but to go forward, UNCTAD must have formal buy-in from the correct top Iraqi customs officials. Then UNCTAD must assess the situation in Iraq to determine the number of customs regions, the state of

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telecommunications, the level of capacity building required etc, so that it can make a formal offer of services to Iraq.

COMMENT

¶11. (SBU) The ASYCUDA installation in Jordan was an extremely successful development project. Without the political overtones of demanding good governance, the ASYCUDA system necessitates it. ASYCUDA eliminates many opportunities for corruption through digitizing documents, randomly assigning inspections and tracking results by inspector. It facilitates nation building since ASYCUDA requires all customs offices in a country to use a common system and exchange data. By reducing corruption, it generates funds for governments to invest in their civil servants, in terms of training, higher salaries and modern offices, and necessitates that investment to keep those staff from working elsewhere. ASYCUDA also accelerates computer literacy and innovation since business users and brokers must be trained to use the program and digitize their documents. It spurs innovation since the technical experts required to maintain the system are problem solvers and come up with technical and process solutions to improve the customs administration.

¶12. (SBU) Additionally, supporting ASYCUDA demonstrates US commitment to the multilateral process and the United Nations. That ASYCUDA is used by more than 85 countries facilitates collection of comparable customs data, sharing of best practices and software add-ons, and greater cooperation among customs administrations worldwide.

¶13. (SBU) Developing country appreciation for ASYCUDA is evidenced by its wide use and the fact that many developing countries, such as Sri Lanka, self-finance upgrades to ASYCUDA. Financing of ASYCUDA installations does not appear to be a significant challenge. However, UNCTAD does no marketing of the ASYCUDA system, so countries that could benefit from it may not be aware of its existence or how to request its installation. Mission recommends USG help build awareness of ASYCUDA in countries that could benefit

from it. USG could also express verbal (and where requested and consistent with US priorities, financial) support for more installations of ASYCUDA, and upgrades to existing installations, as investment in ASYCUDA is cost effective development assistance that spurs good governance, modernization and innovation.

¶14. (U) Finally, USG may wish to consider funding development of the next version of ASYCUDA, which will better integrate the single window functions and thus bring the ASYCUDA methodology of digitized documents and random inspections to other developing country ministries that interact with Customs Administrations. UNCTAD estimates that it will need USD 3 million per year for three to four years to develop the next generation of ASYCUDA.

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